

May 19, 1999

Dear State Medicaid Director:

I am writing to you about an urgent matter that goes to the heart of ensuring that Medicaid claims can be properly processed and paid into the millennium.

One of the first steps the Medicare program took to achieve millennium readiness was to renovate our claims processing contractors' systems to accept and process claims in a Year 2000-compliant format which allows for 8-digit date fields. We then notified all Medicare-participating providers and their billing agents that they must submit 8-digit date Y2K-compliant claims by no later than April 5, 1999, or their claims would be returned as unprocessable. Many private insurers have placed the same requirement on providers. To ease the transition to the new format, Medicare's fiscal intermediaries and carriers made compliant billing software available to all providers and submitters for free or at minimal cost.

This necessary first step to ensure proper claims processing has been successful. Our latest statistics show that all but one Part B claims submitter and over 97 percent of Part A claims submitters that submit claims electronically are using the 8-digit date fields.

While we did not mandate an 8-digit date format for State Medicaid agencies, we understand from our Y2K site visits that States are either using a similar format, or in the cases where they continue to use a 6digit format, many are using "bridging software" to accommodate provider claims with 8-digit dates. While this may not, ultimately, be the optimal solution, it does provide a short-term solution during the transition to 8-digit formats.

To the extent such bridging software is not in place within your MMIS, you may be placing an unreasonable administrative burden on providers. We strongly urge you to use bridging software if you are not altering your MMIS system to process 8-digit date claims. If your State has chosen not to use bridging software, please have your MMIS Director contact our Regional Office Medicaid systems staff immediately to discuss the potential problem and what steps we can take together to reduce the burden on the provider community. Thank you.

Sincerely,

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/s/

Sally K. Richardson Director

cc: All HCFA Regional Administrators All HCFA Associate Regional Administrators for Medicaid

and State Operations Lee Partridge, Director, Health Policy Unit, American Public Human Services Association Joy Wilson, Director, Health Committee, National Conference of State Legislatures Matt Salo, Senior Health Policy Analyst, National Governors' Association

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